

# Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	ELMWOOD CHARTER TOWNSHIP	County	LEELANAU	Type	TOWNSHIP	MuniCode	45-1-040
Opinion Date-Use Calendar	Jun 6, 2008	Audit Submitted-Use Calendar	Jun 30, 2008	Fiscal Year-Use Drop List	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? <u>NA</u>
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> 18. Are there reported deficiencies? <input type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 774,261.00
General Fund Expenditure:	\$ 765,263.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 524,250.00
Governmental Activities Long-Term Debt (see instructions):	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	ROBERT	Last Name	WARD	Ten Digit License Number			1101028281		
CPA Street Address	PO BOX 205	City	INTERLOCHEN	State	MI	Zip Code	49643	Telephone	+1 (231) 276-7668
CPA Firm Name	WILSON, WARD CPA FIRM	Unit's Street Address	10090 E. LINCOLN	City	TRAVERSE CCITY	LU Zip	49684		

*emailed 6/3/08*

CHARTER TOWNSHIP OF ELMWOOD  
LEELANAU COUNTY  
TRAVERSE CITY, MICHIGAN

AUDIT REPORT

For the Year Ended December 31, 2007

Wilson, Ward CPA Firm  
P.O. Box 205  
Interlochen MI 49643  
(231) 276-7668

June 06, 2008

To The Township Board  
Charter Township of Elmwood  
Traverse City, Michigan

We have audited the financial statements of the Charter Township of Elmwood for the year ended December 31, 2007 and have issued our report thereon dated June 06, 2008. Professional standards require that we provide you the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated March 2, 2006 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Accounting Policies

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Charter Township of Elmwood are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Charter Township of Elmwood's books during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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### Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material; either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 06, 2008.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We wish to thank the staff for their support and assistance during our audit.

This information is intended solely for the use of the Township Board, and management of the Charter Township of Elmwood and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 06, 2008

CHARTER TOWNSHIP OF ELMWOOD  
TABLE OF CONTENTS

1	Independent Auditor's Report
2-6	Management Discussion and Analysis
7	Statement of Net Assets
8	Statement of Activities
9	Balance Sheet - Governmental Funds
10	Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds
11	Combined Balance Sheet - All Proprietary Fund Types
12	Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types
13	Combined Statement of Cash Flows - All Proprietary Fund Types
14	Statement of Net Assets - Trust and Agency Fund
15-23	Notes to Financial Statements
24	SUPPLEMENTAL STATEMENTS:
25	Supplemental Letter
26	General Fund
27-30	Comparative Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund
31	Special Revenue Funds
32	Comparative Combining Balance Sheet - All Special Revenue Funds
33	Comparative Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - All Special Revenue Funds
34	Debt Service Funds
35	Combining Balance Sheet - All Debt Service Funds
36	Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Debt Service Funds
37	Enterprise Funds
38	Combining Balance Sheet - All Enterprise Funds
39	Combining Statement of Revenues, Expenses, and Changes in Retained Earnings - All Enterprise Funds
40	Combining Statement of Cash Flows

## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Charter Township of Elmwood  
Traverse City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Charter Township of Elmwood, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Charter Township of Elmwood, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Elmwood, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 06, 2007, on our consideration of the Charter Township of Elmwood, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Wilson, Ward CPA Firm*

Interlochen, MI  
June 06, 2008

# Elmwood Charter Township

## Management Discussion and Analysis

This discussion and analysis provides an overview of the Township's financial activities for the fiscal year ended December 31, 2007. Please read it in conjunction with the Township's financial statements.

### Financial Highlights:

- The Township's net assets changed slightly with a 7 percent decrease attributed to depreciation.
- Township expenses did exceed revenues for emergency services. Overall general governmental revenues did cover the associated expense for 2007. Additional funding will continue to be explored.
- Business-type activity revenues increased slightly more than the significant increase in expenditures. Fee increases have stabilized reserves.
- Emergency service expense continues to rise more rapidly than the planned revenues or designated reserves.

### Using this Annual Report:

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Fund Financial Statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund Financial Statements also report the Township's operations in more detail than the Government-Wide Financial Statements by providing information about the Township's most significant funds. The Fiduciary Fund Statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

### Reporting the Township's Most Significant Funds:

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

3. Proprietary fund types include -

The *enterprise funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**The Township as a Whole:**

The following table shows a comparison of current and previous year net assets:

Assets	2006	2007
Cash	2,173,191	2,385,892
Other Current Assets	1,495,415	1,484,931
Capital Assets Net	<u>6,328,256</u>	<u>5,990,842</u>
Total Assets	9,996,861	9,861,665
Liabilities and Net Assets		
Liabilities	2,931,981	2,579,669
Net Assets	<u>7,064,879</u>	<u>7,281,995</u>
Total Liabilities and Net Assets	9,996,891	9,861,665

The Township's combined net assets increased 3.4% from a year ago - increasing from \$7,064,879 to \$7,281,995. Utility fund reserves have been stabilized with a fee increase while the use of reserves to fund fire service operations continued. We can see that the net assets of the governmental activities decreased by approximately \$64,304 while the business-type activities increased by \$302,421.

Unrestricted net assets represent the portion of net assets that can be used to finance day-to-day operations. These assets decreased by approximately \$5,664 for the governmental activities. This represents a decrease of approximately 1 percent. The current level of unrestricted net assets for our governmental activities stands at \$520,898, or about 60 percent of our typical annual expenditures.



**Governmental Activities:**

	2006	2007
Revenues		
Taxes	321,511	331,405
State Grants	369,867	311,073
Interest and Rental	55,702	46,747
Charges for Services	18,190	18,458
Other	<u>88,411</u>	<u>185,107</u>
Total Revenue	853,682	892,790
Expenditure	964,740	944,367
Transfers	<u>37,836</u>	<u>45,913</u>
Excess Revenue	(73,222)	( 5,664)

The Township's real governmental revenues increased by approximately \$39,108. This decrease, which represents 4.5 percent, was primarily due to payback of intergovernmental loans.

Expenses decreased by \$20,373 or 2 percent due to decreased departmental budgeting to offset the funding of two full-time Fire Department positions to provide better service.

**Business Type Activities:**

The Township's business-type activities consist of the Sewer, Timberlee Water, Greilickville Water and the Marina Funds. Grand Traverse County Department of Public Works (GTDPW) provides contracted maintenance and operational services to our residents. GTDPW also bills and collects the associated fees and passes those funds on to the Township.

Overall revenues for these funds increased by 11% since 2006. This was primarily due to a rate increase for both water and sewer use. Many customers chose to hook-up to the Greilickville Water Systems in 2005 in order to take advantage of reduced fees offered at that time. Revenues for Water and Sewer Funds did cover operational expenses as a result of this fee increase. Marina service charges exceeded operational costs and this income will be used for the planned expansion.

Expenditures for these activities decreased by 11% since 2006. This decrease reflects the second complete year of operations for the Greilickville Water System as well as completed upgrades to the Timberlee Water System resulting in less maintenance and unanticipated repairs.

**The Township's Funds:**

Our analysis of the Township's major funds begins in the supplemental data following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred from the General Fund for Fire Services is supported by an operational budget approved by the Township Board and included the use of reserve funds.

### General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets. Some budget increases were necessary, the most significant to the Planning Commission. This increase was approved to facilitate completion of a new zoning ordinance.

### Capital Asset and Debt Administration:

#### Capital Assets

The Township made no major capital improvements in 2006. Total net assets were slightly reduced with the first year depreciation on the Greilickville Water System.

	Asset	Depreciation	Accumulated Depreciation
General Fixed Assets			
Buildings and Land	1,549,236	35,673	293,405
Vehicles	506,005	37,631	378,438
Equipment	<u>70,443</u>	<u>6,336</u>	<u>48,721</u>
Total General Fixed Assets	2,125,684	79,640	720,564
Proprietary Funds			
Equipment	428,972	15,602	182,150
Marina	2,392,617	104,139	1,287,782
Water Systems	602,390	43,900	513,337
Sewer System	<u>3,626,334</u>	<u>94,132</u>	<u>1,783,109</u>
	7,050,313	257,773	3,766,378

#### Debt

The Township acquired no additional debt in 2007. Existing long-term debt was reduced with the final payment on the Fire Station. Changes in the long-term debt are schedules below:

	Beginning Balance	Additions	Retirements	Ending Balance
Bonds Payable				
1999 SAB Leelanau Hill	58,000		21,000	37,000
2002 SAB Timberlee	50,000		8,000	42,000
2004 SAB Greilickville	1,165,000		65,000	1,100,000
2007 SAB Timberwoods	<u>685,000</u>		<u>0</u>	<u>685,000</u>
Total	1,864,000		89,000	1,775,000
General Long-Term Debt				
4.51% NP Marina Expansion	<u>255,501</u>		<u>42,150</u>	<u>213,351</u>
Total	2,119,501		131,150	1,988,351

### Economic Factors and Next Year's Budgets and Rates:

Elmwood Charter Township's 2007 budget calls for the allocated .67 mil. With this millage we are able to fund the majority of fire services and general services including recreational parks. There are additional voted millages of .37 to supplement fire operations and .29 for police services expired in 2007. The need for updated fire and emergency equipment and the increased operational costs will require additional funding beginning in 2008 to maintain the current level of service.

Sewer and water are provided on a fee basis that covers operational expenses. These fee structures are examined on an annual basis to ensure adequate revenue to cover expenses. Both the Timberlee and Greilickville Water Systems and the Sewer System did have fee increases in 2007. These increases will offset the increased cost of operations and over a period of 5-10 years will restore a responsible level of reserves.

**General Overview of the Accomplishments of Elmwood Charter Township in the 2006 Fiscal Year:**

The Township finances have been managed very closely in 2007. This is reflected in a slight increase of the General Fund balance. The Township is in a very healthy state as a whole.

**Contacting the Township's Management:**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact our office at (231) 946-0921.

CHARTER TOWNSHIP OF ELMWOOD  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2007

	General Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes and Penalties	\$167,052	\$88,763	\$75,590	\$331,405
Licenses and Permits	54,895			54,895
Federal Grants	0			0
State Grants	307,668		3,406	311,073
Charges for Services	17,986	10	462	18,458
Franchise Fee	51,595			51,595
Interest and Rentals	45,009	1,866	(128)	46,747
Other Revenue	73,605		5,010	78,616
<b>Total Revenues</b>	<b>717,811</b>	<b>90,639</b>	<b>84,340</b>	<b>892,790</b>
<b>Expenditures</b>				
Current				
Legislative	134,264			134,264
General Government	290,019			290,019
Public Safety	134,959	245,324	75,534	455,817
Public Works	7,902		0	7,902
Health and Welfare				0
Recreation and Cultural	24,283			24,283
Other	9,232		0	9,232
Capital Outlay			0	0
Debt Service	0		22,850	22,850
<b>Total Expenditures</b>	<b>600,659</b>	<b>245,324</b>	<b>98,384</b>	<b>944,367</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>117,152</b>	<b>(154,685)</b>	<b>(14,044)</b>	<b>(51,577)</b>
Other Financing Sources (Uses)				
Transfers In	56,450	164,604	0	221,054
Transfers (Out)	(164,604)		(10,537)	(175,141)
Bond Proceeds	0			0
<b>Total Other Financing Sources (Uses)</b>	<b>(108,154)</b>	<b>164,604</b>	<b>(10,537)</b>	<b>45,913</b>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>8,998</b>	<b>9,919</b>	<b>(24,581)</b>	<b>(5,664)</b>
<b>Fund Balance January 1, 2007</b>	<b>515,252</b>	<b>1</b>	<b>48,309</b>	<b>563,561</b>
<b>Fund Balance December 31, 2007</b>	<b>\$524,250</b>	<b>\$9,920</b>	<b>\$23,728</b>	<b>\$557,898</b>

Amounts reported for governmental activities in the statement of activities are different because:

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>(\$5,664)</b>
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.	(\$79,640)
Repayment of debt principal is an expenditure in governmental funds, but not in the statement of activities.	21,000
Changes in compensated absences are recorded when earned.	0
<b>Change in Net Assets of Governmental Activities</b>	<b>(\$64,304)</b>

CHARTER TOWNSHIP OF ELMWOOD  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash, investments and cash equivalents	\$507,424	\$1,878,468	\$2,385,892
Receivables (net)	344,159	998,586	1,342,745
Prepaid Expenditures	11,621	48,214	59,835
Internal balances	82,351	0	82,351
Inventories	0		0
Due From Other Funds	0		0
Capital Assets, net	1,658,546	4,332,296	5,990,842
Total Assets	2,604,100	7,257,564	9,861,665
<b>LIABILITIES</b>			
Accounts payable	37,816	21,942	59,758
Deferred revenue	349,840	701,422	1,051,263
Due to Other Agencies	0	82,351	82,351
Deposits	0	11,946	11,946
Noncurrent liabilities:			
Due within one year	21,000	128,309	149,309
Due in more than one year	16,000	1,209,042	1,225,042
Total Liabilities	424,656	2,155,012	2,579,669
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,658,546		1,658,546
Restricted for:			
Capital projects		3,765,200	3,765,200
Debt Service		1,337,351	1,337,351
Unrestricted (deficit)	520,898	0	520,898
Total Net Assets	2,179,444	5,102,551	7,281,995
Total Liabilities and Net Assets	\$2,604,100	\$7,257,564	\$9,861,665

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government							
Governmental activities:							
Legislative	\$213,904	\$54,895			(\$159,009)		(\$159,009)
General government	290,019	18,458			(271,561)		(271,561)
Public safety	455,817	0			(455,817)		(455,817)
Public works	7,902				(7,902)		(7,902)
Recreation and Culture	24,283				(24,283)		(24,283)
Other	9,232				(9,232)		(9,232)
Interest on Long Term Debt	1,850				(1,850)		(1,850)
Total Governmental Activities	1,003,007	73,353	0	0	(929,654)	0	(929,654)
Business Type Activities							
Enterprise Funds	923,250	1,005,516				82,267	82,267
Total Primary Government	1,926,257	1,078,870	0	0	(929,654)	82,267	(847,387)
General revenues:							
Taxes							
Property Taxes-general					\$331,405	\$87,710	\$419,116
State-Shared Revenues					311,073		311,073
Unrestricted Investment Earnings					46,747	121,337	168,084
Franchise Fee					51,595		51,595
Contributions					0		0
Miscellaneous					78,616	570	79,186
Transfers					45,913	10,537	56,450
Total General Revenues-Special Items and Transfers					865,350	220,154	1,085,504
Changes in Net Assets					(64,304)	302,421	238,117
Net Assets - Beginning					2,243,749	4,800,130	7,043,879
Net Assets - Ending					\$2,179,444	\$5,102,551	\$7,281,995

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

	General Fund	Fire Fund	Other Non-major Funds	Total
<b>ASSETS</b>				
Cash, investments and cash equivalents	\$453,233	\$15,671	\$38,521	\$507,424
Receivables (net)	160,120	88,659	95,380	344,159
Prepaid Expenditures	4,745	6,876		11,621
Internal balances	82,351			82,351
Due From Other Funds	0			0
Other Assets	0			0
<b>Total Assets</b>	<b>700,448</b>	<b>111,206</b>	<b>133,901</b>	<b>945,554</b>
<b>LIABILITIES</b>				
Accounts payable	16,078	12,627	9,111	37,816
Internal balances	0			0
Accrued payables	0			0
Deferred revenue	160,120	88,659	101,061	349,840
Noncurrent liabilities	0			0
<b>Total Liabilities</b>	<b>176,198</b>	<b>101,286</b>	<b>110,173</b>	<b>387,656</b>
<b>FUND BALANCE</b>				
Unrestricted	524,250	9,920	23,728	557,898
<b>Total Fund Balance</b>	<b>524,250</b>	<b>9,920</b>	<b>23,728</b>	<b>557,898</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$700,448</b>	<b>\$111,206</b>	<b>\$133,901</b>	<b>\$945,554</b>

Amounts reported for Governmental Funds Balance Sheet are different because:

Balance per above		\$945,554
Add Capital Assets	1,658,546	
Balance per Statement of Net Assets		<u>\$2,604,100</u>

CHARTER TOWNSHIP OF ELMWOOD  
Combined Balance Sheet  
All Enterprise Funds  
December 31, 2007

	2007
<b>ASSETS</b>	
Cash	\$1,878,468
Account Receivable - Trade	261,694
Account Receivable - SA	714,189
Due From Other Funds	0
Other Receivable	0
Taxes Receivable	22,703
Prepaid Expense	48,214
Property, Plant & Equipment - Net	<u>4,332,296</u>
Total Assets	<u><u>7,257,564</u></u>
<b>LIABILITIES AND FUND EQUITY</b>	
<b>LIABILITIES:</b>	
Accounts Payable	18,943
Deferred Revenue	701,422
Security Deposits	11,945
Accrued Interest Payable	3,000
Due To Other Funds	82,351
Bonds Payable	<u>1,337,351</u>
Total Liabilities	2,155,012
<b>FUND EQUITY:</b>	
Retained Earnings	
Unreserved	0
Reserved	<u>5,102,551</u>
Total Fund Equity	<u>5,102,551</u>
Total Liabilities and Fund Equity	<u><u>\$7,257,564</u></u>



CHARTER TOWNSHIP OF ELMWOOD  
Combined Statement of Revenues, Expenditures and  
Changes in Retained Earnings  
All Enterprise Fund Types  
For the Year Ended December 31, 2007

OPERATING REVENUES

Charges for Service	\$1,005,516	
Taxes	87,710	
Refunds and Other	<u>570</u>	
Total Operating Revenues		<u>1,093,797</u>

OPERATING EXPENDITURES

Operation and Maintenance	296,916	
Other Expenses	161,615	
Administration	48,450	
Depreciation	<u>257,774</u>	
Total Operating Expenditures		<u>764,755</u>

Operating Income (Loss)	329,041
-------------------------	---------

NON-OPERATING INCOME (EXPENSE)

Interest Expense and Fees	(158,494)	
Interest on Investments	121,337	
Proceeds from Grant	0	
Transfers In (Out)	<u>10,537</u>	
Total Non-Operating Income (Expense)		<u>(26,620)</u>

NET INCOME (LOSS)	302,421
-------------------	---------

RETAINED EARNINGS, BEGINNING	<u>4,800,130</u>
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Prior Period Adjustment	0
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RETAINED EARNINGS, ENDING	<u><u>\$5,102,551</u></u>
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CHARTER TOWNSHIP OF ELMWOOD  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Net Operating Income	\$329,041
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation	257,774
(Increase) Decrease in Account Receivables - Trade	(162,245)
(Increase) Decrease in SA Receivable	(1,480)
(Increase) Decrease in Property Taxes Receivable	56,867
(Increase) Decrease in Due From Other Funds	50,783
Increase (Decrease) in Deferred Revenue	(37,939)
Increase (Decrease) in Accounts Payable	(3,046)
Increase (Decrease) in Security Deposits	0
Increase (Decrease) in Accrued Interest Payable	(356)
Increase (Decrease) in Due to Other Funds	0
	<hr/>
Net Cash Provided by Operating Activities	489,399

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Investments	121,337
Change in Deposits	0
Acquisition of Capital Assets	0
	<hr/>
Net Cash Provided by Investing Activities	121,337

CASH FLOWS FROM FINANCING ACTIVITIES

Interest paid on Long-Term Debt	(158,494)
Principal paid on Long-Term Debt	(111,355)
Change in Deposits	0
	<hr/>
Net Cash Used by Financing Activities	(269,849)

TRANSFERS IN / (OUT)	10,537
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NET INCREASE IN CASH AND EQUIVALENTS	<hr/> 351,424
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CASH AND EQUIVALENTS, BEGINNING	<hr/> 1,527,042
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CASH AND EQUIVALENTS, ENDING	<hr/> <hr/> \$1,878,466
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CHARTER TOWNSHIP OF ELMWOOD  
Statement of Net Assets  
Trust and Agency Funds  
December 31, 2007

ASSETS

Cash	<u>\$503</u>
Total Assets	503

LIABILITIES AND NET ASSETS

Due to Other Agencies	<u>503</u>
Total Liabilities and Net Assets	<u>\$503</u>

**CHARTER TOWNSHIP OF ELMWOOD  
FOOTNOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

**A. Reporting Entity**

Elmwood Township is a Charter Township located in Leelanau County, Michigan. The Township is governed by an elected seven member board. Services are provided to approximately 4,300 residents and include fire protection, road maintenance, a marina, water and sewer distribution and general community enrichment services.

The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials". As such, the Township has no other agencies reported as Component Units of the Township which requires a discreet presentation in accordance with GASB 14.

**B. Government-Wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## C. Summary of Significant Accounting Policies

### Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

### Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

The accounting policies of the Township conform to generally accepted accounting principles and include the following fund types

#### 1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of funds.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas where the Township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the Township.

3. Proprietary fund types include -

The *enterprise funds* use the full accrual basis for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Fixed Assets

All Proprietary funds are accounted for on a cost of service measurement focus. The operating statements present increases and decreases in net total assets. Depreciation of all fixed assets is charged as an expense against their operations. Accumulated depreciation is reported on the balance sheet. Depreciation for the Proprietary funds is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>		
Equipment	Straight Line	5-10 years		
Plant	Straight Line	40 years		
Fire Trucks	Straight Line	15 years		
	Asset	Depreciation	Accumulated	
Proprietary Funds			Depreciation	
Equipment	428,972	15,602	182,150	
Marina	2,392,617	104,139	1,287,782	
Water Systems	602,390	43,900	513,337	
Sewer System	<u>3,626,334</u>	<u>94,132</u>	<u>1,783,109</u>	
	7,050,313	257,773	3,766,378	

E. Fixed Assets - Governmental Funds

All Governmental funds are accounted for on a modified accrual basis of accounting. All capital outlay is expensed in the appropriate fund. Under GASB 34 all fixed assets (net of accumulated depreciation) and long term debt are booked on the balance sheet as Net Assets and Long Term Debt. Depreciation of all fixed assets is charged as an expense against their operations. Accumulated depreciation is reported on the balance sheet. Depreciation for the Governmental Funds is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Life</u>	
Buildings	Straight Line	40 years	
Equipment	Straight Line	5 to 25 years	
Plant	Straight Line	30 to 50 years	
	Asset	Depreciation	Accumulated Depreciation
General Fixed Assets			
Buildings and Land	1,549,236	35,673	293,405
Vehicles	506,005	37,631	378,438
Equipment	<u>70,443</u>	<u>6,336</u>	<u>48,721</u>
Total General Fixed Assets	2,125,684	79,640	720,564

#### F. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

#### 2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

The expenditures were all approved by the Board except for those which occurred as accounts payable at year end.

#### 3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation. or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more that 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

#### 4. Cash and Investments

##### A. Legal or Contractual Provisions for Deposits and Investments

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Authority by which Treasurers may invest funds and includes the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- c) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in subdivision (a).
- e) Bankers' acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g) Mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 USC 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
  - i) The purchase of securities on a when-issued or delayed delivery basis.
  - ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
  - iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h) Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967.
- i) Investment pools organized under the surplus funds investment pool act, 1982 PA 367.



j) The investment pools organized under the local government investment pool act, 1985 PA 121. In bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, in which the principal and interest is fully guaranteed by the United States.

B. Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of the Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>
Insured	\$ 100,000
Uninsured	\$ 504,704

The Township also has \$1,453,554 invested in certificates of deposit.

The Sewer Fund has investments with Huntington Investments as follows:

Huntington Money Market	\$153,530
FHLB, FHLMC and FNMA	<u>\$187,802</u>
Total	\$341,332

## 6. Long Term Debt

A. Listed below are descriptions of the bond issues and installment contracts in the township governmental activities and business activities.

1. Elmwood Township Special Assessment Bonds, 2004 Bond Issue dated 7/1/04, original issue amount \$1,200,000, interest rates 4.30% - 4.375%, interest due dates 3/1 and 9/1, principal due date 3/1. Used to finance Greilickville water main.
2. 1999 Elmwood Township Special Assessment Bonds, original issue amount \$195,000, interest rate 5.0% interest due dates 5/1 and 11/1, principal due date 11/1. Used to finance Leelanau Hills Special Assessment District.
3. 2002 Elmwood Township Special Assessment Bonds, original issue amount \$79,000, interest rate 4.85%, interest due dates 5/1 and 11/1, principal due date 11/1. Used to finance improvements to Timberlee Water Fund.
4. \$419,000 installment note payable to bank dated 7/9/02, 4.51% interest rate, due in monthly installments of \$4,348 including interest. Used to finance the Marina expansion.

5. Elmwood Township Special Assessment Bonds. 2007 bond issue amount of \$685,000. Proceeds were used to complete the road work for Timberwoods Drive, South Blue Ridge Lane, Old Orchard Road and Orchard Way. 15 year payment schedule with 8% per annum interest paid semi annually with the series of bonds maturing annually on April 1st.

B. Changes in the long-term debt are schedules below:

Bonds Payable	Balance 01/01/07	Additions	Retirements	Balance 12/31/07
1999 SAB Leelanau Hills	37,000		21,000	16,000
2002 SAB Timberlee	42,000		8,000	34,000
2004 SAB Greilickville	1,100,000		60,000	1,040,000
2007 SAB Timberwoods	0	685,000		685,000
Total	1,179,000	685,000	89,000	1,775,000
General Long-Term Debt				
4.51% NP Marina Expansion	255,501		42,150	213,351
Total	1,434,501	685,000	131,150	1,988,351

c. Debt service requirements to maturity.

	Principal- 2004 SAB	Interest- 2004 SAB	Principal- All Others	Interest- All Others	Principal- 2007 SAB	Interest- 2007 SAB
2008	65,000	46,460	67,309	11,316	10,000	51,638
2009	65,000	43,633	58,323	8,314	50,000	39,528
2010	60,000	40,906	55,389	5,660	50,000	36,653
2011	60,000	38,281	50,347	3,090	50,000	33,765
2012	60,000	35,656	32,731	569	50,000	30,853
2013	65,000	32,922			50,000	27,915
2014	60,000	30,188			50,000	24,953
2015		27,555			50,000	21,965
2016	120,000	24,915			50,000	18,940
2017		22,230			50,000	16,020

2018	120,000	19,500			50,000	13,163
2019		16,695			50,000	10,238
2020	120,000	13,815			50,000	7,313
2021		10,875			50,000	4,388
2022	120,000	7,875			45,000	1,463
2023		4,845				
2024	125,000	1,657				
Total	1,040,000	416,004	264,099	28,949	705,000	338,795

#### 5. Use Of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### 6. Accounts Receivable

\$261,694 of accounts receivable represents billed sewer and water fees not yet collected.

#### 7. Interfund Transfers

##### General Fund

Due From Timberlee \$37,851

Due From Marina 44,500

##### Timberlee

Due to General 37,851

##### Marina

Due to General 44,500

#### 8. Pension Plan

The Township participates in a defined contribution pension plan covering all elected officials and other part-time employees. The Township contributes \$100 for each \$1000 of annual compensation. The Township's contribution for the year ended December 31, 2007 amounted to \$33,613.

#### 9. Deferred Compensation Plan

The Township offers all Township officers, officials and employees who are employed for more than thirty hours per week a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits the participants to defer a portion of their salary until future years.

#### 10. Compensated Absences and Post Employment Benefits

Employees are allowed to accrue four hours of sick leave each month. One quarter of the sick days vest under the Township's policy. In addition, employees are granted vacation leave up to 15 days annually depending upon years of service. Employees are permitted to carry over no more than five days of accumulated leave to the next calendar year. At December 31, 2007 the accrued vested liability was less than nominal.

#### 11. Risk Management

The Township carries liability insurance through Municipal Underwriters of Michigan as a protection against risk.

#### 12. Inventories

The Township does not maintain a substantial inventory of supplies or materials.

#### 13. Taxes Receivable

Taxes receivable are offset by deferred revenue until the beginning of the Township fiscal year, at which time the current levy is recognized as revenue. Total taxes receivable at December 31, 2007 were \$317,679.

#### 14. Contingent Liabilities

Township management is aware of no contingent liabilities on the part of the Township.

## SUPPLEMENTAL STATEMENTS

**WILSON, WARD CPA FIRM**

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To the Charter Township Board  
Elmwood Township  
Traverse City, MI

We have audited the combined financial statements of the Charter Township of Elmwood, Michigan for the year ended December 31, 2007. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

*Wilson Ward CPA Firm*

Interlochen, MI  
June 06, 2008

## General Fund

CHARTER TOWNSHIP OF ELMWOOD  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2006 & December 31, 2007

	Original Budget	Final Budget	2006 Actual	2007	Variance Favorable (Unfavorable)
<b>Revenue</b>					
Current Property Taxes	\$150,100	\$150,100	\$142,116	\$156,205	\$6,105
Delinquent Taxes	10,000	10,000	14,029	10,847	847
PTAF	49,200	49,200	48,709	54,895	5,695
Licenses and Permits	5,200	5,200	7,521	6,795	1,595
Earned Interest	35,000	35,000	38,011	31,199	(3,801)
Rents and Royalties	15,000	15,000	14,172	13,810	(1,190)
Charges for Service	16,650	16,650	17,544	17,986	1,336
Franchise Fee	49,000	49,000	50,059	51,595	2,595
Contingency	76,000	76,000	0	0	(76,000)
State Shared Revenue	300,000	300,000	292,226	288,971	(11,029)
Uniform Traffic	4,000	4,000	4,787	4,151	151
Metro Act	0	0	5,780	5,751	5,751
State Grant	0	0	5,840	2,000	2,000
Park Escrow	0	0	0	0	0
Other Revenue	24,130	24,130	35,441	73,605	49,475
Insurance Claim	0	0	0	0	0
Interest CDs	0	0	0	0	0
Total Revenues	734,280	734,280	676,234	717,811	(16,469)
<b>Expenditure</b>					
<b>Legislative</b>					
Township Board:					
Salaries and Wages	52,387	52,387	48,837	53,598	(1,211)
Mileage	200	200	0	147	53
Dues	0	0	4,934	5,453	(5,453)
Professional Fees	35,000	43,000	68,379	53,516	(10,516)
Public Access Franchise	14,500	14,500	7,246	14,846	(346)
Office Supplies	100	100	0	0	100
Other Functions	6,000	14,000	0	0	14,000
Misc	5,400	5,400	112	0	5,400
Parks Maint	0	0	0	0	0
Brownfield Redev	0	0	0	0	0
Contingency	2,000	2,000	0	0	2,000
Education	2,000	2,000	95	30	1,970
Printing	4,000	4,000	7,867	6,673	(2,673)
Total Township Board	\$121,587	\$137,587	\$137,470	\$134,264	\$3,323
<b>General Government:</b>					
Township Supervisor					
Salaries and Wages	\$47,030	\$47,030	\$40,844	\$47,436	(\$406)
Office Supplies	100	100	22	0	100
Transportation	500	500	52	12	488
Education and Training	1,000	1,000	20	165	835
Total Supervisor	48,630	48,630	40,938	47,614	1,016



CHARTER TOWNSHIP OF ELMWOOD  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2006 & December 31, 2007

	Original Budget	Final Budget	2006 Actual	2007	Variance Favorable (Unfavorable)
Elections:					
Salaries and Wages	0	4,000	7,920	5,620	(1,620)
Office Supplies	650	2,150	7,295	0	2,150
Contract Services	0	0	704	0	0
Transportation	0	300	347	468	(168)
Printing and Supplies	0	2,400	131	2,394	6
Education	0	0	0	0	0
Total Elections	650	8,850	16,397	8,482	368
Assessor:					
Salaries and Wages	60,660	60,660	52,954	58,039	2,621
Office Supplies	2,500	2,500	2,585	2,365	135
Operating Supplies	5,000	5,000	4,635	3,388	1,612
Transportation	1,000	1,000	743	791	209
Education	1,300	1,300	350	514	786
Total Assessor	70,460	70,460	61,266	65,096	5,364
Clerk:					
Salaries and Wages	55,360	55,360	50,848	51,763	3,597
Contract Services	2,000	2,000	1,950	1,950	50
Office Supplies	500	500	882	489	11
Transportation	100	100	39	47	53
Education	2,000	2,000	190	1,648	352
Repairs and Maintenance	100	100	0	255	(155)
Total Clerk	60,060	60,060	53,909	56,152	3,908
Board Of Review:					
Salaries and Wages	1,190	1,190	1,088	862	328
Office Supplies	50	50	34	0	50
Printing	200	200	123	123	77
Education	100	100	0	307	(207)
Total Board of Review	1,540	1,540	1,245	1,292	455
Treasurer:					
Salaries and Wages	56,660	56,660	54,031	56,421	239
Office Supplies	5,400	5,400	7,419	3,387	2,013
Transportation	200	200	161	103	97
Repairs and Maintenance	150	150	0	0	150
Education	100	100	0	90	10
Contract Services	6,200	6,200	4,401	6,198	2
Total Treasurer	68,710	68,710	66,012	66,198	2,512
Township Hall:					
Salaries and Wages	4,850	4,850	4,969	5,025	(175)
Office Supplies	4,700	4,700	4,654	7,775	(3,075)
Operating Supplies	1,200	1,200	1,200	2,096	(896)
Janitorial Service	3,300	3,300	3,249	3,073	227
Telephone	4,000	4,000	4,077	4,088	(88)
Repairs and Maintenance	3,000	3,000	4,377	2,789	211
Buildings	35,000	35,000	0	14,139	20,861
Public Utilities	8,450	8,450	19,705	6,203	2,247
Total Township Hall	64,500	64,500	42,231	45,186	19,314
Total General Government	\$314,550	\$322,750	\$281,997	\$290,019	\$32,938

CHARTER TOWNSHIP OF ELMWOOD  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2006 & December 31, 2007

	Original Budget	Final Budget	2006 Actual	2007	Variance Favorable (Unfavorable)
<b>Public Safety</b>					
Planning:					
Salaries and Wages	\$11,650	\$20,650	\$20,180	\$15,809	\$4,841
Office Supplies	200	200	116	41	159
Professional Fees-Legal	10,000	16,000	25,639	18,939	(2,939)
Contract Services-Planning	10,000	35,000	54,939	36,936	(1,936)
Printing	3,000	3,000	390	352	2,648
Education	1,300	1,300	1,020	18	1,282
Memberships	950	950	0	874	76
Total Planning	37,100	77,100	102,284	72,969	4,131
Planning Administration					
Salaries and Wages	39,380	39,380	38,197	39,316	64
Office Supplies	100	100	0	0	100
Education	500	500	0	0	500
Total Planning Administration	39,980	39,980	38,197	39,316	664
Zoning Board of Appeals:					
Salaries and Wages	2,850	2,850	3,132	2,242	608
Office Supplies	50	50	59	50	0
Professional Fees-Legal	500	500	41	0	500
Printing	300	300	355	259	41
Membership Dues	350	350	0	111	239
Total Zoning Board of Appeals	4,050	4,050	3,587	2,662	1,388
Zoning Administration					
Salaries and Wages	17,275	17,275	16,031	13,883	3,392
Office Supplies	1,175	1,175	161	944	231
Professional Fees-Legal	3,000	3,000	7,267	4,953	(1,953)
Transportation	325	325	311	232	93
Education	300	300	0	0	300
	22,075	22,075	23,771	20,012	2,063
Total Public Safety	103,205	143,205	167,838	134,959	8,246
Public Works:					
Street Lighting	7,700	8,000	8,246	7,902	98
Recreation and Culture:					
Parks :					
Salaries and Wages	12,920	12,920	13,227	14,362	(1,442)
Planning Services	10,000	10,000	22,235	4,433	5,567
Repairs and Maintenance	3,000	3,000	3,582	1,498	1,502
Supplies	2,500	2,500	397	2,934	(434)
Public Utilities	1,340	1,340	1,263	1,056	284
Total	\$29,760	\$29,760	\$40,704	\$24,283	\$5,477
Total Recreation and Culture					

CHARTER TOWNSHIP OF ELMWOOD  
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2006 & December 31, 2007

	Original Budget	Final Budget	2006 Actual	2007	Variance Favorable (Unfavorable)
Other Functions					
Employee Fringe Benefits	\$0	\$0	\$0	\$0	\$0
Insurance and Bonds	10,000	10,000	9,339	9,232	768
Tax Tribunal Refunds	0	0	0	0	0
Total	10,000	10,000	9,339	9,232	768
Capital Outlay			0	0	
Total Expenditures	586,802	651,302	645,595	600,659	50,850
Excess Revenues Over (Under) Expenditures	147,478	82,978	30,640	117,152	34,174
Other Financing Sources (Uses)					
Transfers Out	181,200	181,200	21,744	164,604	16,596
Transfers In	48,450	48,450	37,836	56,450	(8,000)
Excess Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	14,728	(49,772)	46,732	8,998	50,770
Fund Balance - Beginning of Year			468,520	515,252	
Fund Balance - End of Year			<u>\$515,252</u>	<u>\$524,250</u>	

## Special Revenue Funds

CHARTER TOWNSHIP OF ELMWOOD  
Combining Balance Sheet  
All Special Revenue Funds  
December 31, 2006 & 2007

	Liquor Control Fund		Fire Fund		Police Fund		Street Lighting Fund		Total (Memo Only)	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
<b>ASSETS</b>										
Cash	\$0	\$0	\$12,010	\$15,671	\$32,213	\$29,438	\$542	(\$350)	\$44,765	\$44,759
Due From Other Funds	0	0	0	0	0	0			0	0
Prepaid Expenses		0		6,876					0	6,876
Taxes Receivable			88,659	88,659	68,900	68,900	31	362	157,590	157,921
Total Assets	<u>0</u>	<u>0</u>	<u>100,669</u>	<u>111,206</u>	<u>101,113</u>	<u>98,338</u>	<u>574</u>	<u>12</u>	<u>202,355</u>	<u>209,556</u>
<b>LIABILITIES AND FUND EQUITY</b>										
<b>LIABILITIES:</b>										
Accounts Payable	0	0	12,008	12,627	13,986	9,111	342	0	26,336	21,738
Due to Other Funds									0	0
Deferred Taxes	<u>0</u>	<u>0</u>	<u>88,659</u>	<u>88,659</u>	<u>68,900</u>	<u>68,900</u>	<u>0</u>	<u>0</u>	<u>157,559</u>	<u>157,559</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>100,667</u>	<u>101,286</u>	<u>82,886</u>	<u>78,011</u>	<u>342</u>	<u>0</u>	<u>183,895</u>	<u>179,297</u>
<b>FUND EQUITY:</b>										
Fund Balance:										
Unreserved	<u>0</u>	<u>0</u>	<u>1</u>	<u>9,920</u>	<u>18,227</u>	<u>20,327</u>	<u>232</u>	<u>12</u>	<u>18,460</u>	<u>30,259</u>
Total Fund Equity	<u>0</u>	<u>0</u>	<u>1</u>	<u>9,920</u>	<u>18,227</u>	<u>20,327</u>	<u>232</u>	<u>12</u>	<u>18,460</u>	<u>30,259</u>
Total Liabilities and Fund Equity	<u>\$0</u>	<u>\$0</u>	<u>\$100,668</u>	<u>\$111,206</u>	<u>\$101,113</u>	<u>\$98,338</u>	<u>\$574</u>	<u>\$12</u>	<u>\$202,355</u>	<u>\$209,556</u>

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
Combining Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
All Special Revenue Funds  
For the Year Ended December 31, 2006 & 2007

	Liquor Control Fund				Fire/EMS Fund				Police Fund				Street Lighting Fund				Total	
	2006 Actual	Budget	2007 Actual	Variance	2006 Actual	Budget	2007 Actual	Variance	2006 Actual	Budget	2007 Actual	Variance	2006 Actual	Budget	2007 Actual	Variance	2006 Actual	2007 Actual
<b>REVENUES</b>																		
Taxes	\$0	\$0	\$0	\$0	\$84,560	\$88,600	\$88,763	\$163	\$65,624	\$68,000	\$68,978	\$70					\$150,184	\$157,742
State Aid	3,654	3,600	3,406	(194)													3,654	3,406
																	0	0
																	0	0
Charges for Services					120	0	10	10					526	600	462	138	646	472
Interest					319	400	262	(138)	1,061	9,200	1,161	(8,039)					1,380	1,423
Other					566	0	1,604		3,695	2,700	3,407	707					4,261	5,010
Taxes																	0	0
<b>Total Revenues</b>	<b>3,654</b>	<b>3,600</b>	<b>3,406</b>	<b>(194)</b>	<b>85,565</b>	<b>89,000</b>	<b>90,639</b>	<b>1,639</b>	<b>70,380</b>	<b>80,800</b>	<b>73,546</b>	<b>(7,254)</b>	<b>526</b>		<b>462</b>		<b>160,125</b>	<b>168,053</b>
<b>EXPENDITURES</b>																		
Public Safety/Routine Maintenance					209,705	269,000	245,324	23,676	80,897	80,800	71,446	9,354	989	600	682	(82)	291,591	317,452
Other Administration																	0	0
Construction Improvements																	0	0
Contracted Services																	0	0
Law Enforcement	3,654	3,600	3,406	194													3,654	3,406
Capital Outlay																	0	0
<b>Total Expenditures</b>	<b>3,654</b>	<b>3,600</b>	<b>3,406</b>	<b>194</b>	<b>209,705</b>	<b>269,000</b>	<b>245,324</b>	<b>23,676</b>	<b>80,897</b>	<b>80,800</b>	<b>71,446</b>	<b>9,354</b>	<b>989</b>		<b>682</b>		<b>295,245</b>	<b>320,858</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>0</b>		<b>0</b>		<b>(124,140)</b>		<b>(154,685)</b>		<b>(10,517)</b>		<b>2,100</b>		<b>(463)</b>		<b>(220)</b>		<b>(135,120)</b>	<b>(152,805)</b>
<b>FUND BALANCE, BEGINNING</b>	<b>0</b>		<b>0</b>		<b>102,397</b>		<b>1</b>		<b>28,744</b>		<b>18,227</b>		<b>695</b>		<b>232</b>		<b>131,836</b>	<b>18,460</b>
Transfer In	0		0		21,744	181,200	164,604										21,744	164,604
<b>FUND BALANCE, ENDING</b>	<b>\$0</b>		<b>\$0</b>		<b>\$1</b>	<b>\$181,200</b>	<b>\$9,920</b>		<b>\$18,227</b>		<b>\$20,327</b>		<b>\$232</b>		<b>\$12</b>		<b>\$18,460</b>	<b>\$30,259</b>

The footnotes are an integral part of these Financial Statements.

## Debt Service Funds

CHARTER TOWNSHIP OF ELMWOOD  
Combining Comparative Balance Sheet  
All Debt Service Funds  
December 31, 2006 & 2007

	Northern Lights Fund		Leelanau Hills Fund		Totals Memo Only	
	2006	2007	2006	2007	2006	2007
<b>ASSETS</b>						
Cash	\$8,460	\$0	\$22,951	\$9,433	\$31,411	\$9,433
Due From General Fund						
Due From State						
Special Assessment Receivable	13,341	11,265	17,591	14,853	30,933	26,118
<b>Total Assets</b>	<b>21,802</b>	<b>11,265</b>	<b>40,542</b>	<b>24,285</b>	<b>62,345</b>	<b>35,549</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES:</b>						
Accounts Payable	0	0	0	0	0	0
Due to Other Funds						
Deferred Taxes	15,020	15,020	17,475	17,141	32,495	32,161
<b>Total Liabilities</b>	<b>15,020</b>	<b>15,020</b>	<b>17,475</b>	<b>17,141</b>	<b>32,495</b>	<b>32,161</b>
<b>FUND EQUITY:</b>						
Fund Balance:						
Unreserved	6,782	(3,755)	23,068	7,144	29,850	3,389
<b>Total Fund Equity</b>	<b>6,782</b>	<b>(3,755)</b>	<b>23,068</b>	<b>7,144</b>	<b>29,850</b>	<b>3,389</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$21,802</b>	<b>\$11,265</b>	<b>\$40,542</b>	<b>\$24,285</b>	<b>\$62,345</b>	<b>\$35,551</b>

The footnotes are an integral part of these Financial Statements.



CHARTER TOWNSHIP OF ELMWOOD  
Combining Comparative Statement of Revenues, Expenditures and Changes in Fund Balance  
All Debt Service Funds  
For the Year Ended December 31, 2006 & 2007

	Northern Lights Fund		Leelanau Hills Fund		Totals Memo Only	
	2006 Actual	2007 Actual	2006 Actual	2007 Actual	2006 Actual	2007 Actual
REVENUES						
Taxes					\$0	\$0
State Aid						
Special Assessments	6,245	0	8,936	6,612	15,181	6,612
Charges for Services						
Interest	350	0	1,790	315	2,140	315
Other						
Taxes						
Total Revenues	6,596	0	10,726	6,927	17,322	6,927
EXPENDITURES						
Debt Service			23,900	22,850	23,900	22,850
Public Works					0	0
Construction Improvements						
Contracted Services						
Law Enforcement						
Capital Outlay						
Total Expenditures	0	0	23,900	22,850	23,900	22,850
EXCESS REVENUES OVER (UNDER) EXPENDITURES	6,596	0	(13,174)	(15,923)	(6,578)	(15,923)
FUND BALANCE, BEGINNING	186	6,782	36,242	23,068	36,428	29,850
Transfer In/(Out)	0	(10,537)			0	(10,537)
FUND BALANCE, ENDING	\$6,782	\$(3,755)	\$23,068	\$7,144	\$29,850	\$3,389

The footnotes are an integral part of these Financial Statements.

## Enterprise Funds

CHARTER TOWNSHIP OF ELMWOOD  
Combining Balance Sheet  
All Enterprise Funds  
For the Years Ended December 31, 2007

	Sewer Fund	Timberlee Water Fund	Greilickville Water Fund	Marina Fund	Total
<b>ASSETS</b>					
Cash	\$340,833	\$121,958	\$499,918	\$915,758	1,878,468
Account Receivable - Trade	165,629	73,978	22,087		261,694
Account Receivable - SA		1,574	712,615		714,189
Due From Other Funds	0	0			0
Other Receivable	0	0			0
Deferred Receivable	0	22,703			22,703
Prepaid Expenses	309	396	46,734	775	48,214
Property, Plant & Equipment	3,774,997	470,743	1,190,112	2,560,272	7,996,124
Less: Accumulated Depreciation	(1,886,841)	(222,373)	(139,110)	(1,415,503)	(3,663,828)
<b>Total Assets</b>	<b>2,394,928</b>	<b>468,978</b>	<b>2,332,356</b>	<b>2,061,302</b>	<b>7,257,564</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES:</b>					
Accounts Payable	119	14,513	0	4,310	18,942
Deferred Revenue	8,588		692,834		701,422
Security Deposits	11,945	0			11,945
Receipts Refundable	3,000				3,000
Due To Other Funds	0	37,851		44,500	82,351
Bond Payable			1,090,000		1,090,000
Installment Contract Payable		34,000		213,351	247,351
<b>Total Liabilities</b>	<b>23,652</b>	<b>86,364</b>	<b>1,782,834</b>	<b>262,161</b>	<b>2,155,011</b>
<b>FUND EQUITY:</b>					
Retained Earnings					
Unreserved	2,371,276	382,614	549,522	1,799,140	5,102,551
Reserved	0				0
<b>Total Fund Equity</b>	<b>2,371,276</b>	<b>382,614</b>	<b>549,522</b>	<b>1,799,140</b>	<b>5,102,551</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$2,394,928</b>	<b>\$468,978</b>	<b>\$2,332,356</b>	<b>\$2,061,302</b>	<b>7,257,564</b>

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
Combining Comparative Statement of Revenues, Expenses and Changes in Retained Earnings  
All Enterprise Funds  
For the Years Ended December 31, 2007

	Sewer Fund	Timberlee Water Fund	Greilickville Water Fund	Marina Fund	Total
<b>OPERATING REVENUES</b>					
Charges for Service	\$434,151	\$131,387	\$45,630	\$394,349	\$1,005,516
Tax Assessments	0	738	86,972	0	87,710
Refunds and Other	0	350	0	220	570
<b>Total Revenues</b>	<b>434,151</b>	<b>132,475</b>	<b>132,602</b>	<b>394,569</b>	<b>1,093,797</b>
<b>OPERATING EXPENDITURES</b>					
Personnel Services	0	0	0	87,099	87,099
Supplies	0	0	0	16,399	16,399
Contractual Services	2,198	987	3,160	28,467	34,812
Computer Services	0	0	0	0	0
Maintenance & Repairs	102,196	39,618	33,192	2,354	177,360
Utilities	118,586	0	0	971	119,556
Insurance	309	396	0	14,005	14,710
Transportation	189	0	0	0	189
Administrative Fee	4,100	900	450	43,000	48,450
Bank Charges	651	0	225	5,773	6,648
Other Expenses	222	0	0	1,536	1,759
Depreciation and Amortization	94,132	15,602	43,900	104,139	257,774
<b>Total Expenditures</b>	<b>322,582</b>	<b>57,503</b>	<b>80,927</b>	<b>303,743</b>	<b>764,755</b>
<b>OPERATING INCOME (LOSS)</b>	<b>111,569</b>	<b>74,972</b>	<b>51,675</b>	<b>90,826</b>	<b>329,041</b>
<b>NON-OPERATING INCOME (EXPENSE)</b>					
Interest - Investments	14,067	2,676	19,669	46,014	82,426
Interest - Special Assessments	0	2,527	36,384	0	38,911
Interest - Debt Payments	(99,765)	(2,037)	(47,974)	(8,719)	(158,494)
Transfers In (Out)	0	0	0	10,537	10,537
<b>Total Non-Operating Income (Expenses)</b>	<b>(85,698)</b>	<b>3,166</b>	<b>8,079</b>	<b>47,833</b>	<b>(26,620)</b>
<b>NET INCOME (LOSS)</b>	<b>25,871</b>	<b>78,138</b>	<b>59,755</b>	<b>138,658</b>	<b>302,421</b>
<b>RETAINED EARNINGS, BEGINNING</b>	<b>2,345,405</b>	<b>304,476</b>	<b>489,767</b>	<b>1,660,482</b>	<b>4,800,130</b>
<b>RETAINED EARNINGS, ENDING</b>	<b>\$2,371,276</b>	<b>\$382,614</b>	<b>\$549,522</b>	<b>\$1,799,140</b>	<b>\$5,102,551</b>

The footnotes are an integral part of these Financial Statements.

CHARTER TOWNSHIP OF ELMWOOD  
Combining Statement of Cash Flows  
All Enterprise Funds  
For the Year Ended December 31, 2007

	Sewer Fund	Timberlee Water Fund	Greilickville Water Fund	Marina Fund	Total (Memo Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net Operating Income	\$111,569	\$74,972	\$51,675	\$90,826	\$329,041
Adjustment to Reconcile Net Operating Income to Net Cash Provided by Operating Activities					
Depreciation	94,132	15,602	43,900	104,139	257,774
(Increase) Decrease in Account Receivable - Trade	(90,487)	(55,890)	(15,868)		(162,245)
(Increase) Decrease in Prepaid Expenses	(309)	(396)		(775)	(1,480)
(Increase) Decrease in Property Taxes Receivable	0	252	56,615		56,867
(Increase) Decrease in Other Rec.	49,553	1,230	0		50,783
Increase (Decrease) in Deferred Revenue	2,093	0	(48,609)	8,577	(37,939)
Increase (Decrease) in Accounts Payable	0	(203)	(630)	(2,213)	(3,046)
Increase (Decrease) In Due To Other Funds	0	0			0
Increase (Decrease) in Accrued Interest Payable	(356)	0			(356)
Net Cash Provided by Operating Activities	166,195	35,567	87,084	200,554	489,399
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on Investments	14,067	5,203	56,053	46,014	121,337
Transfers in			0	0	0
Acquisition of Capital Assets	0				0
Net Cash Provided by Investing Activities	14,067	5,203	56,053	46,014	121,337
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid on Long-Term Debt	(99,765)	(2,037)	(47,974)	(8,719)	(158,494)
Principal paid on Long-Term Debt	0	(8,000)	(61,205)	(42,150)	(111,355)
Change in Reserved Retained Earnings	0	0			0
Net Cash Used by Financing Activities	(99,765)	(10,037)	(109,179)	(50,869)	(269,849)
TRANSFERS IN (OUT)	0	0	0	10,537	10,537
NET INCREASE IN CASH AND EQUIVALENTS	80,497	30,733	33,958	206,237	351,424
CASH AND EQUIVALENTS, BEGINNING	260,336	91,225	465,960	709,521	1,527,042
CASH AND EQUIVALENTS, ENDING	\$340,833	\$121,958	\$499,918	\$915,758	\$1,878,466

The footnotes are an integral part of these Financial Statements.